

City of Detroit

CITY COUNCIL

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TO: COUNCIL MEMBERS

FROM: Irvin Corley, Jr., Fiscal Analysis Director *ICJ.*
Derrick Headd, Fiscal Staff Analyst *DH*

DATE: March 11, 2008

RE: Local, County, State and Federal Tax & Economic Incentives

For Council's information, the Fiscal Analysis Division has compiled a list of 31 local (Detroit), Wayne County, State of Michigan and Federal tax and economic development incentive programs. We hope this list may be used as a resource to Council. Included are six spreadsheets that provide a detailed description of tax incentives, economic programs and loan funds available at the local, county, state and federal government level.

The following eight **Local Tax Incentives** are listed in detail in **Attachment 1**:

Industrial Facility Abatements (Public Act 198 of 1974)

Public Act 198 of 1974, as amended, is the primary tool local units of government use as an incentive to renovate and expand manufacturing plants or to build new plants. This has also been referred to as the "granddaddy" of all tax incentives in the state of Michigan. The local legislative body grants the abatement, which reduces local property taxes by roughly 50% on new plants. In the case of a rehabilitation project, the obsolete SEV is frozen and the investment on improvements is 100% exempt from property taxes. Abatements cover both real and personal property and can run from one to twelve years, at the option of the local unit.

A recent amendment to this tax abatement law expands the definition of "Industrial Property" to include high-technology activity (advanced computing, advanced materials, biotechnology, electronic device technology, engineering or laboratory testing, medical device technology, project research and development and advanced vehicles technology).

Neighborhood Enterprise Zone (NEZ) (PA 147 of 1992)

Neighborhood Enterprise Zone (NEZ) Public Act 147, provides for incentives to encourage development of new housing and the rehabilitation of existing housing stock.

Neighborhood Enterprise Zone Homestead Facility Certificate

Public Act 147 of 1992, as amended, created the Neighborhood Enterprise Zone Homestead Facility Certificate. To qualify for this certificate, the subject property must be located within an established Neighborhood Enterprise Homestead Zone and have been purchased by or transferred to an owner as their principal residence after December 31, 1996. If approved by the Local

Governmental Unit (LGU), the certificate provides for a tax exemption for a period of six (6) to fifteen (15) years.

The terms of the Homestead NEZ are:

One-half the number of mills levied for the county and local governmental unit operating purposes (does not include debt millage). Any county or local governmental unit debt millage and all other millages levied by all other taxing authorities would remain at full millage. Land is not included in this exemption. In the tax year, two years before the certificate expires, the percentage of mills exempted for the county and local governmental unit operating mills changes from one-half to five-eighths; In the tax year, one year before the certificate expires, the percentage of mills exempted for the county and local governmental unit operating mills changes from five-eighths to three-fourths; In the year that the certificate expires, the percentage of mills exempted for the county and local governmental unit operating mills changes from three-fourths to seven-eighths. The local governmental unit may grant from six (6) to fifteen (15) years of exemption.

Obsolete Property Abatements (Public Act 146 of 2000)

Obsolete Property Rehabilitation Act (OPRA), Public Act 146 of 2000, provides for a tax incentive to encourage the redevelopment of obsolete buildings. The tax incentive is designed to assist in the redevelopment of older buildings, in which a facility is contaminated, blighted or functionally obsolete. The goal is to rehabilitate older buildings into vibrant commercial and commercial housing projects.

Renaissance Zones (Public Act 376 of 1996)

Detroit's Renaissance Zones totals 1,354 acres comprised of nine (9) non-contiguous, distinct geographic areas. The areas are located throughout the City. Residents of and businesses locating and operating within the zone are virtually free of all state and local taxes located within their boundaries. Residents and businesses are eligible for a waiver of most state and local taxes.*

Detroit's Renaissance Zones

Areas	Acres	Proposed Use	Expires
Lynch Road	116.2	Industrial park	12/31/2008
I-94 Industrial Park	289.6	Industrial park	12/31/2011
Southwest/Delray	727.8	Manufacturing/High-Tech/Office/Commercial	12/31/2011
Livernois/Intervale	72.9	Light industrial/Distribution/Warehouse	12/31/2008
Old Packard Site	71.4	Light industrial/Distribution	12/31/2008
Central City	67.8	Light industrial/Distribution/Warehouse	12/31/2008
Harridon Terminal	23	Industrial Park	12/31/2012
Historic Tiger Stadium	8.73	Mixed Use Development	12/31/2012
I-75 (American Axle)	19.2	Planned Single use facility	12/31/2013

**Source: Detroit Economic Growth Corporation*

Tool and Die Recovery (Renaissance) Zones

In 2003, the Michigan Renaissance Zone Act was amended by the State Legislature to allow the Michigan Strategic Fund Board to designate up to 25 tool and die renaissance recovery zones ("recovery zone"), per Act 266 of 2003.

Personal Property Tax Relief in Distressed Communities (Public Act 328 of 1998)

Public Act 328 of 1998 allows distressed communities to abate all new personal property taxes in certain geographic areas in order to spur economic development carried out by an industrial firm or by an entity conducting mining, R & D, wholesale trade, or office operations. Abatements include all millage, state and local. All new personal property installed by an eligible business after local approval is 100% exempt from personal property taxes for a specified period determined by the local unit of government.

Brownfield Redevelopment (PA 381 of 1996)

The Brownfield Redevelopment Financing Act 381 of 1996 provides tax incentives (i.e. Michigan Small Business Tax Credit and tax increment financing) to develop brownfields (properties in an area at or on which there has been a release (or threat of release) or disposal of a hazardous substance).

The following nine **Local Development Incentives** are detailed in **Attachment 2**:

Detroit Revolving Loan Fund (DRLF)

The Detroit Revolving Loan Fund is a fixed-asset financing program administered by the Detroit Economic Growth Corporation. DRLF funds may be used for up to 40 percent of the costs of an eligible project, to a maximum of \$200,000. The remaining 60 percent may be provided by a private lender, the borrower or both. The borrower may be required to pledge certain assets not connected with the project and/or personal assets.

Bond Financing

Financing tool that offers favorable interest rates and the ability to borrow with terms generally longer than traditional financing. Industrial Revenue Bonds (IRBs) and Enterprise Zone Facility Bonds (EZBs) average 75-85% of prime interest rates. Both IRBs and EZBs are restricted to acquisition of land, buildings and new equipment.

Small Business Loan Transactions (SBLT)

This program provides funds for the construction, redevelopment or improvement of real property and, in special cases, working capital for new and existing businesses. At least 50% of the costs of an eligible project must come from private sources. SBLT loans are available to a maximum of \$200,000 per building, tenant or business. Rates are typically below market.

Housing/Office/Retail Development Program

The Downtown Development Authority established this loan program in order to provide funds to stimulate additional residential and commercial activities in the Detroit Development Area No. 1.

Detroit Community Loan Fund (DCLF)

The DCLF can provide private for-profit Detroit-based businesses between \$50,000 and \$250,000 of funds in the form of term loans or lines of credit. Capital provided may be used for working capital and, to a limited basis, marketing.

Detroit Investment Fund (DIF)

The Detroit Investment Fund (DIF) is a \$52 million private capital fund that provides long-term financing. The DIF gives special attention to transactions with the potential to have a significant impact upon the City of Detroit's economic revitalization. Typically the investing is between \$500,000 and \$4 million.

Small Business Detroit Micro Loan Program

The Small Business Detroit Micro Loan Program was created through a partnership between the Mayor's Office of Neighborhood and Commercial Revitalization and the Center for Empowerment & Economic Development (CEED). The loans are available for Start-up and Expansion of a business in the City of Detroit. Micro Loans may be used for equipment, inventory, supplies and some working capital.

PILOT (Payment in Lieu of Taxes)

Under the PILOT (Payment in Lieu of Taxes) program, owners of housing projects are exempt from taxation under this program pay to the municipality in which the project is located an annual service charge for public services in lieu of all taxes. The purpose for the program is to provide housing units for citizens of low income. A municipality, by ordinance, may establish or change, by any amount it chooses, the service charge to be paid in lieu of taxes by all or any class of housing projects exempt from taxation under this act. The service charge shall not exceed the taxes that would be paid but for this act. The enabling language for this program is in Michigan Public Act 346 of 1966 and Detroit City Ordinance 9-90.

Casino Business Development Fund

Initially created with casino dollars, the fund is to be administered by the Economic Development Corporation (EDC) to assist small businesses in the city of Detroit.

The following five **Wayne County Development Incentives** are detailed in **Attachment 3**:

SBA 504 Loan Program

This loan program was developed for small-medium size businesses that have been operating three years or more. The program guarantees up to 40% of the cost of projects ranging from \$150,000 to \$5,000,000. This program is available to viable small and medium sized businesses where the financing will help companies create or retain jobs, export their product or service, and expand business ownership opportunities in Wayne County.

Urban Loan Fund

This loan program for any minority-owned business or any small business in Detroit, Ecorse, Hamtramck, Highland Park, Inkster, River Rouge or other designated distressed community. Program loans 30% of projects under \$200,000.

Brownfield Redevelopment Authority

The Wayne County Brownfield Redevelopment Authority (BRA) reviews proposals for the redevelopment of eligible property and determine what financial incentives are necessary to assist

the redevelopment, using such tools as Tax Increment Financing (TIF) and the Small Business Tax Credit (SBT).

The Wayne County Brownfield Redevelopment Authority (BRA) has received three grants totaling \$500,000 from the Environmental Protection Agency to perform preliminary Brownfield site assessments on potential development sites. The BRA also manages a \$500,000 revolving loan fund for site remediation.

The One-Stop Business Resource Center

The One-Stop Business Resource Center, a program under the authority of the Greater Wayne Economic Development Corporation (GWEDC), the Wayne County One-Stop Business Resource Center is a "single point of contact - at one location" for Wayne County businesses.

Wayne County Renaissance Zone (Cities of River Rouge, Taylor and Wyandotte)

Wayne County is the nation's eighth largest county and its two million residents make up almost half (46.27%) of the seven-county metropolitan Detroit region.

City of River Rouge - East Jefferson Office Site, City of River Rouge - Pleasant Street,
City of Taylor - Industrial Park - West Side, and City of Wyandotte - Central Avenue

Zone Features:

- Good access to Detroit region. Conveniently located within minutes of major interstates and the Ambassador Bridge
- Close proximity to Detroit Metropolitan Airport, Detroit City Airport, Willow Run Airport and Downtown Detroit
- Area has strong rail access with tracks available from Conrail, CN and Norfolk Southern
- Shipping ports are available within zone's boundaries

Zone Characteristics:

- 57.02 acres

The following five **State of Michigan Development Incentives** are detailed in **Attachment 4**:

21st Century Jobs Fund

The goal of the 21st Century Jobs Fund is to jump start Michigan's economy and to diversify and grow the state's economy in the future by focusing resources to encourage the Development and Commercialization of Competitive-Edge Technologies, increase capital investment activity and to increase commercial lending activity.

The 21st Century Jobs Fund will help diversify and grow the state's high-tech economy by investing in basic research at state universities and non-profit research institutions, applied research, university technology transfer, and the commercialization of products, processes, and services.

Michigan Statewide Minority Business Development Center

Michigan Statewide MEDIC (Center) is funded by the Minority Business Development Agency (MBDA) and operated by the Detroit Renaissance Foundation, a CEO based economic development agency whose board consist of the fifty largest businesses in Southeastern Michigan, which consist of major automotive, banks, utilities, and auto supply companies.

The primary focus of the center revolves around delivering services such as Strategic Business Consulting, Access to Capital, and Access to Markets to Minority Business Enterprises (MBE).

Capital Access Program (CAP)

The Capital Access Program is a method to increase the availability of credit to small businesses in the state of Michigan. Participating banks throughout Michigan offer the CAP directly to companies that need credit enhancement. Similar to a loan loss reserve fund, the bank, the company, and the Michigan Economic Development Corporation ((MEDC) pay a small premium into a reserve that makes it possible for the company to receive fixed asset and working capital financing. The Renewal Community tax incentives are worth approximately \$5.6 billion to eligible businesses of all sizes in Renewal Communities. These incentives encourage businesses to open, expand, and to hire local residents. The incentives include employment credits, a 0% tax on capital gains, accelerated depreciation through Commercial Revitalization Deductions, and other incentives.

Renaissance Zones

Renaissance zones are virtually free of all state and local taxes for businesses located within their boundaries. There are over 150 geographic areas in Michigan that are designated as renaissance zones. Local Real Property Taxes - General property taxes on land and buildings are nearly 100% abated.

Due to recent changes in the law, there are also industry specific zones for firms doing business in agricultural processing, renewable energy, forest products processing and in the tool and die industry.

Michigan Business Tax

The Michigan Business Tax replaced the Michigan Single Business Tax January 1, 2008, imposes a 4.95% business income tax and a modified gross receipts tax at the rate of 0.8%. Insurance companies and financial institutions pay alternate taxes. The new tax system is according to the Detroit Free Press, "designed to give bigger tax breaks to manufacturers and others that invest in Michigan operations and hire Michigan workers.... The tax is what's called a hybrid, which means that businesses will face both a business income tax and a modified gross receipts tax."

In addition, businesses in Michigan may earn credits for employee compensation, new facilities and research and development projects in the state.

Personal Property Tax Reductions

- Industrial personal property is exempt from the 6 mill state education tax and is also exempt from up to 18 mills levied for school operating purposes.
- Commercial personal property is exempt from up to 12 of the mills levied for school operating purposes.

Additional MBT Credits Available Based on Eligible Personal Property Taxes Paid

- A taxpayer may claim a credit against the MBT equal to 35% of the eligible industrial personal property taxes paid.
- For tax year 2008 only, a taxpayer may claim a credit against the MBT equal to 23% of the eligible state assessed telephone personal property taxes paid under Public Act 282 of 1905. For tax year 2009 and subsequent tax years, a taxpayer may claim a credit against the MBT equal to 13.5% of the eligible state assessed telephone personal property taxes paid under Public Act 282 of 1905.
- A taxpayer may claim a credit against the MBT equal to 10% of the eligible utility personal property taxes paid.

The various personal property tax provisions replace the current 15% credit for taxes paid on industrial personal property.

The following four **Federal Development Initiatives** are detailed in **attachment 5**:

Economic Development Initiative (EDI)

The Economic Development Initiative (EDI) provides grants on a competitive basis to entitlement communities. Non-entitlement communities are eligible as supported by their state governments. EDIs must be used in conjunction with loans guaranteed under the Section 108 Program to enhance the feasibility of economic development and revitalization projects financed with Section 108 Loan Guarantee funds.

Competitive EDI grant funds can only be used in projects also assisted by the Section 108 Loan Program; such projects may involve activities such as property acquisition; rehabilitation of publicly owned property; housing rehabilitation; economic development activities; acquisition, construction, reconstruction, or installation of public facilities; and for colonias ("colonias" a residential area along the Texas-Mexico border that may lack some of the most basic living necessities), public works and other site improvements.

Brownfields Economic Development Initiative (BEDI)

The BEDI provides grants on a competitive basis to local entitlement communities. Non-entitlement communities are eligible as supported by their state governments. BEDIs must be used in conjunction with loans guaranteed under the Section 108 Program. Communities fund projects with the BEDI grants and loan financing to clean up and redevelop "brownfields".

CDBG entitlement communities and non-entitlement communities are eligible to receive loan guarantees. A request for a new Section 108 loan guarantee authority must accompany each BEDI application.

Section 108 Loan Guarantee Program (Section 108 Program)

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects.

Renewal Communities

In December 2000, Congress created 40 Renewal Communities (RC) along with a new round of Empowerment Zones. The Renewal Community concept promotes partnerships among federal, state and local governments and community organizations. The RC approach is intended to stimulate economic development in the nation's most distressed communities through the benefit of special tax incentives.

Renewal Communities can take advantage of wage credits, tax deductions, capital gains exclusions and bond financing to stimulate economic development and job growth.

The City of Detroit received an 8-year RC designation running from January 1, 2002 through December 31, 2009. Detroit's RC area is located in the northeast section of the city. The area is approximately 25-square miles, which according to the City's website, includes 191,065 residents and 2,785 businesses.

Please contact us if we can be of any further assistance.

Attachments

Council Divisions

- Auditor General's Office
- Ombudsman's Office
- Douglas Diggs, Planning & Development Department
- Clinton Griffin, PDD Development Specialist
- Norman White, Chief Financial Officer
- Pamela Scales, Budget Director
- Linda M. Bade, Chief Assessor
- Gerard G. Phillips, Director, Human Rights Department
- Kim Harris, Human Rights Department
- Gwen Cook-Jones, Human Rights Department
- Brian Holdwick, V.P. – Detroit Economic Growth Corporation
- Kerwin Wimberly, Mayor's Office

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Attachment 1 Local Tax Incentives

Source	Description	Districts Eligible	Who May Apply	Local Tax & Term	Specific Exemptions excluded
Industrial Facility Abatements (Public Act 198 of 1974)	Public Act 198 of 1974, as amended, is the primary tool local units of government use as an incentive for companies to renovate and expand aging manufacturing plants or to build new plants in Michigan. The legislative body of the city, township, or village in which the facility will be located grants the abatement, which reduces local property taxes by roughly 50% on new plants. In the case of a rehabilitation project, the obsolete SEV is frozen and the investment on improvements is 100% exempt from property taxes. Abatements cover both real and personal property and can run from one to twelve years, at the option of the local unit.	Plant Rehabilitation Districts Industrial Development Districts	Owner(s) of 75% of assessed valuation within the proposed district. The Detroit City Council on its own initiative	New plants/equipment 50% of Normal Rate. 100% of Improvements for rehabilitation projects are untaxed. Term: Up to 12 years in addition to an 2 year construction period.	Public Utilities
Neighborhood Enterprise Zone (NEZ) (PA 147 of 1992)	Neighborhood Enterprise Zone (NEZ) P A 147, provides for incentives to encourage development of new housing and the rehabilitation of existing housing stock.	Neighborhood Enterprise Zones	Anyone	New Housing, half the average of state of MI tax rate. Rehabbed housing improvements are untaxed. Term: Up to 12 years after construction or rehab.	Non residential properties
Neighborhood Enterprise Zone Homestead Facility Certificate (Homestead NEZ)	To qualify for this certificate, the subject property must be located within an established Neighborhood Enterprise Homestead Zone and have been purchased by or transferred to an owner as their principal residence after December 31, 1996. If approved by the Local Governmental Unit (LGU), the certificate provides for a tax exemption for a period of six (6) to fifteen (15) years.	Neighborhood Enterprise Homestead Zone	Anyone	New Housing, half average of state rate. Two years before expiration, operating mills changes to five-eighths. one year before the certificate expires, operating mills changes to three-fourths. The year that the certificate expires, operating mills changes seven-eighths Term: up to 15 yrs.	Non residential properties
Obsolete Property Abatements (Public Act 146 of 2000)	Obsolete Property Rehabilitation Act (OPRA), Public Act 146 of 2000, provides for a tax incentive to encourage the redevelopment of obsolete buildings. The tax incentive is designed to assist in the redevelopment of older buildings, in which a facility is contaminated, blighted or functionally obsolete. The goal is to rehabilitate older buildings into vibrant commercial and commercial housing projects.	Obsolete Property Rehabilitation Districts	Owner(s) of 50% of assessed valuation within the proposed district. The Detroit City Council on its own initiative	There is a limited abatement of State and local millage for schools under certain circumstances. All other millage is abated. Term: Up to 12 years after completion of rehabilitation.	Professional sport stadiums, casinos and affiliated operations and public utilities.

Attachment 1 Local Tax Incentives

Source	Description	Districts Eligible	Who May Apply	Local Tax & Terms	Excluded Businesses
Renaissance Zones	Detroit's Renaissance Zones totals 1,354 acres comprised of nine (9) non-contiguous, distinct geographic areas. The areas are located through out the City from the far southwest side to the near west and east sides and in the central corridor of the city. Residents of and businesses locating and operating within the zone are virtually free of all state and local taxes located within their boundaries. Residents and businesses are eligible for a waiver of the following state and local taxes: MICHIGAN BUSINESS TAX (MBT), MICHIGAN PERSONAL INCOME TAX, MICHIGAN'S 6 MILL STATE EDUCATION TAX, DETROIT PERSONAL PROPERTY TAX, DETROIT REAL PROPERTY TAX, DETROIT INCOME TAX, DETROIT UTILITY USERS TAX ACT (Payment of Federal taxes, State sales tax and local and school debt millage taxes are still required)	Detroit's Renaissance Zones*: Lynch Road I-94 Industrial Park Southwest/Delray Livernois/Intervale Old Packard Site Central City Harriodon Terminal Historic Tiger Stadium I-75 (American Axle)	All taxpayers (businesses, residents and property owners located within the zone) must be current in all payment of taxes.	Property located in the Renaissance Zone is also exempt from the following taxes: INDUSTRIAL FACILITY TAX ACT, COMMERCIAL REDEVELOPMENT ACT, ENTERPRISE ZONE ACT, TECHNOLOGY PARK DEVELOPMENT ACT, NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, NEIGHBORHOOD ENTERPRISE ZONE ACT	None
Tool and Die Recovery (Renaissance) Zones	In 2003, the Michigan Renaissance Zone Act was amended by the State Legislature to allow the Michigan Strategic Fund Board to designate up to 25 tool and die renaissance recovery zones ("recovery zone"), per Act 266 of 2003. In December 2007, the Detroit City Council approved Ronart Industries application for a Tool & Die Recovery Zone designation for the 25th and last zone to be designated, pending State approval. (Currently, there is a proposal in the State Senate to expand the number of Tool & Die Zones from 25 to 35 zones)	25 tool and die renaissance recovery zones established by the Michigan Strategic Fund Board	Businesses with 75% or more of the gross revenue generated from the tool and die operations. Have under 75 full-time employees at time of designation. Classified as a particular industrial classification. Participate in a written collaborative agreement with other tool and die businesses, which includes synergistic opportunities.	Property located in the zone is exempt from the following taxes: INDUSTRIAL FACILITY TAX ACT, COMMERCIAL REDEVELOPMENT ACT, ENTERPRISE ZONE ACT, TECHNOLOGY PARK DEVELOPMENT ACT, NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, NEIGHBORHOOD ENTERPRISE ZONE ACT	Non tool & die businesses and companies not meeting the established criteria.
Personal Property Tax Relief in Distressed Communities (Public Act 328 of 1998)	Public Act 328 of 1998 allows distressed communities to abate all new personal property taxes in certain geographic areas in order to spur economic development carried out by an industrial firm or by an entity conducting mining, research & development, wholesale trade, or office operations. Abatements include all millage, state and local. All new personal property installed by an eligible business after local approval is 100% exempt from personal property taxes for a specified period determined by the local unit of government.	Industrial Development Districts, Renaissance Zones, Enterprise Zones, Brownfields, Redevelopment Zones, Enterprise Zones, Tax Increment Authority Districts, Local Development Districts, Downtown Development Districts	Various	New personal property is untaxed. The term is determined by the City Council	Professional sport stadiums, casinos and affiliated operations, retail establishments, or that portion of an eligible business used exclusively for retail sales.

**Attachment 1
Local Tax Incentives**

Source	Description	Districts Eligible	Who May Apply	Local Tax & Term	Specific Businesses excluded
Brownfield Redevelopment (PA 381 of 1996)	The Brownfield Redevelopment Financing Act 381 of 1996 provides tax incentives to develop brownfields (properties in an area at or on which there has been a release (or threat of release) or disposal of a hazardous substance).	Brownfield Redevelopment Zones	A qualified taxpayer must own or lease eligible property and certify that DEQ has not demanded reimbursement from the taxpayer.	If the credits for the project is \$1 million or less, the SBT credit is based on 10% of the eligible investment. If the credits for the project is greater than \$1 million but not more than \$30 million, a credit is determined by the Michigan Economic Growth Authority (MEGA), but not to exceed 10% of the eligible investment. Tax increment financing is also available.	None

Attachment 1(a)
Detroit's Renaissance Zones*

Area	Acres	Proposed Use	Expires
Lynch Road	116.2	Industrial park	12/31/2008
I-94 Industrial Park	289.6	Industrial park	12/31/2011
Southwest/Delray	727.8	Manufacturing/High Tech/Office/Commercial	12/31/2011
Livernois/Intervale	72.9	Light industrial/Distribution/Warehouse	12/31/2008
Old Packard Site	71.4	Light industrial/Distribution	12/31/2008
Central City	67.8	Light industrial/Distribution/Warehouse	12/31/2008
Harridon Terminal	23	Industrial Park	12/31/2012
Historic Tiger Stadium	8.73	Mixed Use Development	12/31/2012
I-75 (American Axle)	19.2	Planned Single use facility	12/31/2013

Source: Detroit Economic Growth Corporation

Attachment 2

Local Development Incentives

Program	Description	Applicants
Detroit Revolving Loan Fund (DRLF)	The Detroit Revolving Loan Fund is a fixed-asset financing program administered by the Detroit Economic Growth Corporation. DRLF funds may be used for up to 40 percent of the costs of an eligible project, to a maximum of \$200,000. The remaining 60 percent may be provided by a private lender, the borrower or both. The borrower may be required to pledge certain assets not connected with the project and/or personal assets.	Applicants for loans from the fund will be evaluated by the DEGC based upon the proposed borrower's ability to repay and the potential impact of the proposed project on Detroit's economy.
Bond Financing	Financing tool offers favorable interest rates and the ability to borrow with terms generally longer than traditional financing. Industrial Revenue Bonds (IRBs) and Enterprise Zone Facility Bonds (EZBs) average 75-85% of prime interest rates. Both IRBs and EZBs are restricted to acquisition of land, buildings and new equipment.	IRBs are restricted to manufacturing projects or projects by nonprofit corporations. EZBs can be for any business meeting program requirements that are located in Detroit's Empowerment Zone.
Small Business Loan Transactions (SBLT)	This program provides funds for the construction, redevelopment or improvement of real property and, in special cases, working capital for new and existing businesses. At least 50% of the costs of an eligible project must come from private sources. SBLT loans are available to a maximum of \$200,000 per building, tenant or business. Rates are typically below market.	The Downtown Development Authority established this loan program to assist building owners, tenants and business owners located in or to be locating in the Detroit Development Area No. 1.
Housing/Office/Retail Development Program	The Downtown Development Authority established this loan program in order to provide funds to stimulate additional residential and commercial activities in the Detroit Development Area No. 1.	The actual terms and conditions of the loan will be negotiated on a project-by-project basis.

Attachment 2 Local Development Incentives

Program	Description	Applicants
Detroit Community Loan Fund (DCLF)	The DCLF can provide private for-profit Detroit-based businesses between \$50,000 and \$250,000 of funds in the form of term loans or lines of credit. Capital provided may be used for working capital and, to a limited basis, marketing. Shorebank Enterprise sponsors this program.	Businesses must have at least 12 continuous months of sales revenues of at least \$125,000/year and a strong potential for growth, profitability and job creation.
Detroit Investment Fund (DIF)	The Detroit Investment Fund (DIF) is a \$52 million private capital fund that provides long-term financing. The DIF gives special attention to transactions with the potential to have a significant impact upon the City of Detroit's economic revitalization. Typically the investing is between \$500,000 and \$4 million.	Growth-oriented, well-managed businesses, as well as progressive real estate projects in the city of Detroit.
Small Business Detroit Micro Loan Program	The Small Business Detroit Micro Loan Program was created through a partnership between the City of Detroit's Mayor's Office of Neighborhood and Commercial Revitalization and the Center for Empowerment & Economic Development (CEED). The loans are available for Start-up and Expansion of a business in the City of Detroit. Micro Loan may be used for equipment, inventory, supplies and some working capital.	Applicants must meet the following requirements: Business must be in the City of Detroit; Complete a loan application and all supporting documentation (assistance available) Have a business plan (for businesses less than 3 years old); A \$ 75 non-refundable application fee; Demonstrate the inability to obtain credit (financing) from a traditional lending source. Two letters of denial from banks are required; Be current on all federal debt.
PILOT (Payment in Lieu of Taxes)	Owners of housing projects are exempt from taxation under this program pay the municipality in which the project is located an annual service charge for public services in lieu of all taxes. The purpose for the program is to provide housing units for citizens of low income.	Developers of multiple dwelling housing units intended to provide housing to low income residents primarily. Thereby providing a mechanism to encourage investments that would not otherwise be economically feasible.
Casino Business Development Fund	Initially created with casino dollars, the fund is to be administered by the Economic Development Corporation (EDC) to assist small businesses in the city of Detroit.	Small businesses in the city of Detroit identified by the Economic Development Corporation

Attachment 3
Wayne County Development Incentives

Program	Description	Applicants
SBA 504 LOAN PROGRAM	Loan program for small-medium size businesses operating three years or more. Program guarantees 40% of projects ranging from \$150,000 to \$5,000,000.	This program is available to viable small and medium sized businesses where the financing will help companies create or retain jobs, export their product or service, and expand business ownership opportunities in Wayne County.
URBAN LOAN FUND	Loan program for any minority-owned business or any small business in Detroit, Ecorse, Hamtramck, Highland Park, Inkster, River Rouge or other designated distressed community. Program loans 30% of projects under \$200,000.	This loan program is available for any minority-owned business or any small business in Detroit, Ecorse, Hamtramck, Highland Park, Inkster, River Rouge or other designated distressed community. Program loans 30% of projects under \$200,000.
BROWNFIELD REDEVELOPMENT AUTHORITY	Reviews proposals for the redevelopment of eligible properties and determines what financial incentives are necessary to assist the redevelopment, using such tools as Tax Increment Financing (TIF) and the Small Business Tax Credit (SBT).	The Wayne County Brownfield Redevelopment Authority (BRA) has received three grants totaling \$500,000 from the Environmental Protection Agency to perform preliminary Brownfield site assessments on potential development sites. The BRA also manages a \$500,000 revolving loan fund for site remediation.
ONE-STOP BUSINESS RESOURCE CENTER	The One-Stop may assist in business development and growth & will also analyze business trends and issues and conduct seminars and conferences useful for proactively addressing anticipated changes in the business environment.	A program under the Greater Wayne Economic Development Corporation (GWEDC), the Wayne County One-Stop Business Resource Center is a "single point of contact - at one location" for Wayne County businesses.

Attachment 3
Wayne County Development Incentives

Wayne County Renaissance Zone Cities of River Rouge, Taylor and Wyandotte	<p>Zone Features:</p> <p>Good access to Detroit region. Conveniently located within minutes of major interstates and the Ambassador Bridge</p> <p>Close proximity to Detroit Metropolitan Airport, Detroit City Airport, Willow Run Airport and Downtown Detroit</p> <p>Area has strong rail access with tracks available from Conrail, CN and Norfolk Southern</p> <p>Shipping ports are available within zone's boundaries</p> <p>Zone Characteristics:</p> <p>57.02 acres</p>	<p>City of River Rouge - East Jefferson Office Site</p> <p>City of River Rouge - Pleasant Street</p> <p>City of Taylor - Industrial Park - West Side</p> <p>City of Wyandotte - Central Avenue</p>
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Attachment 4
State of Michigan Development Incentives

Program	Description	Applicants
21st Century Jobs Fund	<p>The 21st Century Jobs Fund is a tool used to jump start Michigan's economy and to diversify and grow the state's economy in the future by focusing resources in three areas:</p> <ul style="list-style-type: none"> -Encourage the Development and Commercialization of Competitive-Edge Technologies -Increase Capital Investment Activity -Increase Commercial Lending Activity 	<p>The 21st Century Jobs Fund will help diversify and grow the state's high-tech economy by investing in basic research at state universities and non-profit research institutions, applied research, university technology transfer, and the commercialization of products, processes, and services. The competitive-edge technologies are:</p> <p>Life sciences Alternative energy Advanced automotive, manufacturing and materials Homeland security and defense</p> <p>Also supported are advanced computing or electronic device technology, design, engineering, testing, diagnostics, or product research and development related to any of the four competitive-edge technologies.</p>
Michigan Statewide Minority Business Development Center	<p>Michigan Statewide MEDIC (Center) is funded by the Minority Business Development Agency (MBDA) and operated by the Detroit Renaissance Foundation, a CEO based economic development agency whose board consist of the fifty largest businesses in Southeastern Michigan, which consist of major automotive, banks, utilities, and auto supply companies.</p>	<p>The primary focus of the center revolves around delivering services such as Strategic Business Consulting, Access to Capital , and Access to Markets to Minority Business Enterprises (MBE).</p>

Attachment 4
State of Michigan Development Incentives

Program	Description	Applicants
Capital Access Program (CAP)	A method to increase the availability of credit to small businesses in the state of Michigan. Participating banks throughout Michigan offer the CAP directly to companies that need credit enhancement. Similar to a loan loss reserve fund, the bank, the company, and the Michigan Economic Development Corporation (MEDC) pay a small premium into a reserve that makes it possible for the company to receive fixed asset and working capital financing.	The Capital Access Program created a partnership between government, banks and businesses to foster economic development through non-conventional loans.
Renaissance Zones	Renaissance zones are virtually free of all state and local taxes for businesses located within their boundaries. There are over 150 geographic areas in Michigan that are designated as renaissance zones. Local Real Property Taxes - General property taxes on land and buildings are nearly 100% abated Local Personal Property Taxes – These general property taxes are nearly 100% abated for the business' personal property that is located in the Renaissance Zone. 6- mill State Education Tax (SET) the state property tax levy for schools is 100% abated.	Michigan residents and businesses in Renaissance Zones

Attachment 4
State of Michigan Development Incentives

Program	Description	Applicants
Michigan Business Tax	<p>Personal Property Tax Reductions</p> <ul style="list-style-type: none"> · Industrial personal property is exempt from the 6 mill state education tax and is also exempt from up to 18 mills levied for school operating purposes. · Commercial personal property is exempt from up to 12 of the mills levied for school operating purposes. <p>Additional MBT Credits Available Based on Eligible Personal Property Taxes Paid</p> <ul style="list-style-type: none"> · A taxpayer may claim a credit against the MBT equal to 35% of the eligible industrial personal property taxes paid. · For tax year 2008 only, a taxpayer may claim a credit against the MBT equal to 23% of the eligible state assessed telephone personal property taxes paid under Public Act 282 of 1905. For tax year 2009 and subsequent tax years, a taxpayer may claim a credit against the MBT equal to 13.5% of the eligible state assessed telephone personal property taxes paid under Public Act 282 of 1905. · A taxpayer may claim a credit against the MBT equal to 10% of the eligible utility personal property taxes paid. 	<p>The tax is imposed on the business income of all taxpayers (not just corporations) with business activity in Michigan, subject to the limitations of federal law, imposes a 4.95% business income tax and a modified gross receipts tax at the rate of 0.8%. Insurance companies and financial institutions pay alternate taxes. (The MBT continues the SBT's separate tax on insurance companies & financial institutions are subject to a 0.235% franchise tax on their net capital.)</p>

Michigan Economic Development Corporation: <http://www.michigan.org/medc/21stcenturytour/index.asp>
<http://www.mi-mbdc.com/>
<http://www.michigan.org/medc/cm/attach/0003005A-7A12-42C3-BE1C-044EF1E000EA/CAP.pdf>